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FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC 7187
RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHGG/UN SECURITY COUNCIL COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 1730
RUEHBY/AMEMBASSY CANBERRA 0907
RUEHKA/AMEMBASSY DHAKA 4767
RUEHLO/AMEMBASSY LONDON 2008
RUEHNE/AMEMBASSY NEW DELHI 4467
RUEHUL/AMEMBASSY SEOUL 7998
RUEHTC/AMEMBASSY THE HAGUE 0662
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RUEHCN/AMCONSUL CHENGDU 1352
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RUEHGV/USMISSION GENEVA 3512
RHEHNSC/NSC WASHDC
RUCNDT/USMISSION USUN NEW YORK 1339
RUEKJCS/SECDEF WASHDC
RUEHBS/USEU BRUSSELS
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 03 RANGOON 000118

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SUBJECT: 2007 BURMESE IMPORTS AND EXPORTS RISE DRAMATICALLY

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¶1. (SBU) Summary. The Burmese Government recorded a substantial increase in both exports and imports in 2007 compared to previous years. Bolstered by a 71 percent increase in the value of natural gas exports, Burmese overall exports rose to \$5.9 billion in 2007, a 44.1 percent increase over 2006 levels. Burmese imports also increased by 25 percent, from \$2.2 billion in 2006 to \$2.7 billion. While oil and diesel products remain Burma's largest import, imports of cars increased a dramatic 242 percent during the past year. These trade figures do not include border trade. Thailand remains Burma's largest official trading partner, followed by India, Hong Kong, and China. Most Burmese imports originate in Singapore, as traders use Singaporean companies to ship products from the U.S., Europe, and Australia. End Summary.

Emphasis on Trade and Exports

¶2. (SBU) We spoke to researchers from local consulting company Business Information Group (BIG) about Burma's trade figures. BIG officials explained that the Burmese Central Statistical Office compiles trade figures from Customs, as well as incorporates import/export information listed on trade licenses issued by the Ministry of Trade. This combination results in overinflated figures, they told us. Instead, BIG uses only Customs data when compiling its trade statistics. It does not include border trade, which often does not go through Customs inspection, in its figures.

Value in USD

Year	Exports	Percent Change	Imports	Percent Change
2005	3,526,596,300	--	1,937,053,055	--
2006	4,122,772,276	16.9	2,236,682,990	15.5
2007	5,939,407,654	44.1	2,788,692,103	24.7

Source: BIG, 2008

13. (SBU) 2007 was a record year for Burmese trade, totaling more than \$8.7 billion. According to BIG, Burma's exports rose by 44.1 percent in 2007, up from \$4.1 billion in 2006 to \$5.9 billion in 2007. Exports of natural resources, including natural gas, timber, and gems, accounted for the majority of overall exports. Natural gas exports alone were worth \$2.8 billion, an increase of 78 percent over 2006 figures due to higher world prices. Exports of agricultural products, including rice, onions, garlic, and beans and pulses, also increased in 2007, up approximately 41 percent from 2006 figures. The regime also earned more revenues from sales and exports of precious and semi-precious gems; exports increased 38 percent, up from \$406 million in 2006 to \$561.6 million in 2007.

Burma's Exports, 2006-2007
Value in USD

Category	2006 Value	2007 Value	Percent Change
Natural Gas	1,515,520,847	2,703,165,496	78.4
Ag Products	733,843,272	1,032,896,547	40.8
Timber Prod.	549,743,572	572,913,157	4.2
Gems	406,128,702	561,637,794	38.3
Textile/Appl	272,584,119	286,802,745	5.2
Marine Prod.	259,597,321	366,308,384	41.1
Minerals	126,573,378	94,084,869	-25.7
Other	258,781,165	321,699,662	24.3
Total	4,122,772,376	5,939,407,654	44.1

Source: BIG, 2008

14. (SBU) Approximately half of Burma's exports went to Thailand, which is the main importer of Burmese natural gas. Burmese exports to Thailand rose 66 percent in 2007. Exports to Burma's top five export destinations - Thailand, India, Hong Kong, China, and Singapore - increased overall in 2007, although exports to China rose a significant 84 percent last year. BIG officials predicted that China will become one of Burma's top three trading partners by 2010, due primarily to future Burmese exports of natural gas from the offshore Shwe Gas Fields to China.

Burma's Export Partners, 2006-2007
Value in USD

Country	Exports 2006	Exports 2007	Percent Change
Thailand	1,683,451,981	2,804,260,801	66.6
India	669,632,429	743,517,185	11.0
Hong Kong	422,839,597	575,935,831	36.2
China	257,759,570	475,579,468	84.5
Singapore	189,946,153	347,141,440	82.8
Japan	157,643,070	186,707,607	18.4
Indonesia	90,559,628	88,125,977	- 2.7
Malaysia	82,383,382	113,509,099	37.8
Germany	76,584,272	67,812,545	- 11.5
Other	491,972,295	536,817,701	9.1
Total	4,122,772,376	5,939,407,654	44.1

Source: BIG, 2008

Rising Imports

15. (SBU) Burmese imports in 2007 also increased substantially, by 24.7 percent over 2006 levels. Imports of oil and diesel fuel, primarily from Malaysia and Indonesia, continued to account for the majority of imports in 2007, again due primarily to higher world prices. Customs officials also noted a marked increase in the import of new cars, up 242 percent since 2006. The GOB tightly restricts the imports of new cars, granting licenses to Embassies, NGOs, select businesses, and those close to the regime. Many of the new cars imported in 2007 belong to regime cronies who built the new capital, Nay Pyi Taw. Instead of paying them in cash, the regime issued car import licenses, worth an estimated \$200,000 each.

Burma's Imports, 2006-2007 Value in USD

Product	2006 Value	2007 Value	Percent Change
Oil/Diesel	498,383,556	471,960,839	- 5.3
Machine Parts	242,304,396	243,894,103	0.7
Textile	220,392,058	275,915,696	25.2
Steel/Iron	137,215,212	177,684,589	29.5
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Food/Beverage	89,204,014	107,582,695	20.6
Medicine	86,712,805	112,013,679	29.2
Plastic	85,992,859	139,991,354	62.8
Car	56,304,268	192,746,223	242.3
Palm Oil	54,304,268	251,242,458	362.3
Chemicals	28,113,850	30,922,209	10.0
Tires	24,308,795	43,484,500	78.8
Computers	22,773,852	12,194,900	-46.5
Other	690,436,772	792,057,859	14.7
Total	2,236,682,990	2,788,692,103	24.7

Source: BIG, 2008

16. (SBU) Most of Burma's imports came from Singapore (\$811 million), as traders used Singaporean companies to bring in products from the U.S., Europe, and Australia. China was second, with \$564 million in exports to Burma, followed by Japan (\$238 million) and Thailand (\$227 million).

17. (SBU) According to business contacts, the regime in 2007 pledged to make it easier for companies to trade by improving the import/export license process. Since 2005, companies had to travel to Nay Pyi Taw to apply for individual import and export licenses, a process that took anywhere from two weeks to a month, depending on the company and the products for trade. In October 2007, the GOB introduced a one-stop service in Rangoon and Mandalay for import/export licenses for marine products and medicines. Businessmen tell us that for these products, companies may obtain licenses in as little as two days.

Comment

18. (SBU) Burma's higher export earnings are due primarily to higher world prices for its natural resources. Sadly, the Burmese people do not benefit from the increased revenues. Instead, Than Shwe and his senior generals pocket most of the revenues, while Burmese people find it increasingly difficult to feed their families. As long as world demand for Burma's natural resources remains high, Than Shwe will enjoy an ample income and will use the country's resources to gain political support from his neighbors.

